

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 10288-D
AUXIER ROAD GAS COMPANY, INC.)	

O R D E R

On February 24, 1989, the Commission issued its Order in Case No. 10288 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On March 30, 1989, Auxier Road Gas Company, Inc. ("Auxier Road") notified the Commission that its wholesale cost of gas will be increased by its supplier, Presley Energy ("Presley"), effective May 1, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission. Auxier Road filed its Notice as Case No. 10288-C. However, in order to follow the correct sequence of Auxier Road's purchased gas adjustment filings, this notice has been assigned Case No. 10288-D.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Auxier Road's notice of March 30, 1989 set out certain revisions in rates which Auxier Road proposed to place into effect, said rates being designed to pass on the wholesale

increase in price from its supplier using an average cost of gas computed from volumes and prices of both its suppliers. In computing the increase, Auxier Road incorrectly included a portion of its purchases from Presley at Columbia Gas of Kentucky's rate instead of Presley's rate. Based on the information filed by Auxier Road, the revisions in rates are designed to pass on the wholesale increase in price from its supplier in the amount of \$2,588 or 5.07 cents per Mcf. Auxier Road computed the increase based on previous rates effective March 1, 1989 in Case No. 10288-C. The increase set out in this Order is based on the most recent rates effective April 1, 1989 in Case No. 10288-E.

(2) Auxier Road's wholesale cost of gas was increased by Presley effective May 1, 1989. Presley's wholesale rate is based on the rates of Kentucky West Virginia Gas Company ("Kentucky West"). Kentucky West filed an application for increased rates to be effective May 1, 1989 with the Federal Energy Regulatory Commission. These rates are subject to refund; therefore, Auxier Road's rates are subject to refund.

(3) Auxier Road's corrected adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 10288 dated February 24, 1989 is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after May 1, 1989, subject to refund.

IT IS THEREFORE ORDERED that:


(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after May 1, 1989, subject to refund.

(2) Within 30 days of the date of this Order, Auxier Road shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of May, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10288-D DATED 5/01/89

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First	1,000 Cu.Ft.	\$8.6277
All Over	1,000 Cu.Ft.	7.7777 per 1,000 Cu.Ft.

<u>MINIMUM BILL</u>	\$8.63
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The base rate for the future application of the purchased gas adjustment clause of Auxier Road Gas Company, Inc. shall be:

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$3.5608 per Mcf
Presley Energy	\$2.958 per Mcf
Average Commodity Cost	\$3.5178 per Mcf